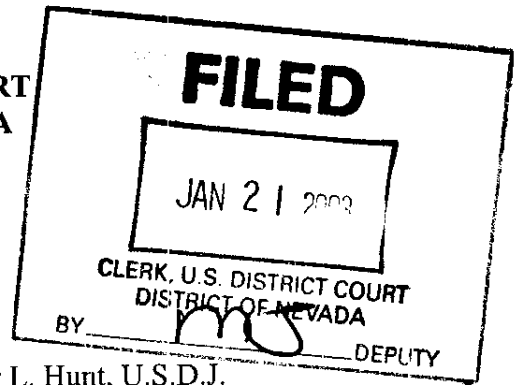


UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA



CAESARS WORLD, INC. and PARK PLACE
ENTERTAINMENT CORPORATION,

Plaintiffs,

v.

CYRUS MILANIAN and THE NEW LAS
VEGAS DEVELOPMENT COMPANY, LLC,

Defendants.

:
: Hon. Roger L. Hunt, U.S.D.J.

: CV-S-02-1287-RLH(RJJ)

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PLAINTIFFS' PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

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Pursuant to the Court's December 19, 2002 Scheduling Order, plaintiffs Caesars World, Inc. and Park Place Entertainment Corporation submit the following proposed findings of fact and conclusions of law.

FINDINGS OF FACT

A. The Parties

1. Plaintiff Caesars World, Inc. ("CWI") is a Florida corporation, with its principal place of business at 3930 Howard Hughes Parkway, Las Vegas, Nevada 89109.

2. Plaintiff Park Place Entertainment Corporation ("PPE") is a Delaware corporation, with its principal place of business at 3930 Howard Hughes Parkway, Las Vegas, Nevada 89109. CWI is a wholly owned subsidiary of PPE.

3. Defendant Cyrus Milanian is an individual domiciled in New Jersey who transacts business in the State of Nevada.

4. Defendant The New Las Vegas Development Company, LLC, is a Nevada limited liability corporation.

B. Plaintiffs And Their Trademark Claims

5. PPE is the world's largest gaming company owning, managing or having an interest in 28 properties operating under various trademarks including the famous CAESARS, BALLY'S, PARIS, and FLAMINGO brands. In 1999, PPE acquired CWI in a transaction that included Caesars Palace, located in Las Vegas, Nevada, CWI's trademarks, and other CWI assets. In addition to gaming services, both PPE and CWI provide hotel and restaurant services, convention facilities and services, sporting events, concerts, and other entertainment to the public.

6. Plaintiffs' premiere property is Caesars Palace in Las Vegas, Nevada, which opened on August 6, 1966. Caesars Palace has an opulent Roman-Grecian theme, with marble statuary, and stylized designs that reflect the theme, and facilities that bear the names associated with ancient Rome and Greece.

7. CWI is the owner of several marks registered with the United States Patent and Trademark Office ("USPTO"), relating to this Roman-Grecian theme, including, but not limited to: CAESARS (Reg. No. 0954684 – incontestable; Reg. No. 0983525 – incontestable; Reg. No. 1527770 – incontestable; Reg. No. 1988107 – incontestable), CAESARS (stylized) (Reg. No. 1001363 – incontestable; Re. No. 0954637 – incontestable; Reg. No. 1527771 – incontestable), CAESARS PALACE (Reg. No. 0907693 – incontestable, Reg. No. 0951292 – incontestable; Reg. No. 0963820 – incontestable; Reg. No. 0963656 – incontestable), CAESARS PALACE (stylized) (Reg. No. 0907696 – incontestable; Reg. No. 0968212 – incontestable; Reg. No. 1090494 – incontestable; Reg. No. 1004058 – incontestable), I, CAESAR (Reg. No. 0907694 – incontestable; Reg. No. 0966734 – incontestable), CIRCUS MAXIMUS (Reg. No. 1128428 – incontestable), THE PALACE (Reg. No. 1096310 – incontestable; Reg. No. 0966735 – incontestable), A CAESARS WORLD RESORTS (Reg. No. 1063525 – incontestable), Roman Edging Paper Design (Reg. No. 0947706 – incontestable; Reg. No. 1194868 – incontestable), GALLERIA (Reg. No. 0945380 – incontestable), BACCHANAL (Reg. No. 0931975 – incontestable), DISCUS BAR (Reg. No. 0945980 – incontestable), CAESARS WORLD (Reg. No. 0995419 – incontestable), CAESARS WORLD (stylized) (Reg. No. 0995418 – incontestable), THE PALACE COURT (Reg. No. 1128000 – incontestable), CLEOPATRA'S BARGE (Reg. No. 1138113 – incontestable), SPANISH STEPS (Reg. No. 1146922 – incontestable), APPIAN WAY (Reg. No. 1143658 – incontestable), CAESARS TAHOE (Reg.

No. 1263220 – incontestable; Reg. No. 1191413 – incontestable), CAESARS TAHOE (stylized) (Reg. No. 1186958 – incontestable; Reg. No. 1201555 – incontestable; Reg. No. 1201511 – incontestable), CAESARS WOMAN (Reg. No. 1532553 – incontestable), CAESARS WOMAN (stylized) (Reg. No. 1531548 – incontestable), CAESARS MAN (Reg. No. 1531549 – incontestable), CAESARS MAN (stylized) (Reg. No. 1538771 – incontestable), CAESARS PALACE LAS VEGAS – NEVADA with Grape Girl Design (Reg. No. 1168663 – incontestable), TOGA TEDDY (Reg. No. 1676542 – incontestable), CAESARS MAGICAL EMPIRE (Reg. No. 2630525), EMPERORS CLUB (Reg. No. 1743663 – incontestable), FERENTINA (Reg. No. 2022361 – incontestable), EMPERORS EVERYDAY GIVEAWAY (Reg. No. 1837096 – incontestable), THE FORUM SHOPS AT CAESARS (Reg. No. 1829004 – incontestable) LA PIAZZA (Reg. No. 1649800 – incontestable), and CAESARS PALACE AT SEA (Reg. No. 1663829 – incontestable). These registered trademarks are used in interstate commerce by both CWI and PPE, and are valid and all but one, CAESARS MAGICAL EMPIRE, is incontestable. Because of CWI’s outstanding reputation in the hospitality industry and the millions of dollars dedicated to its promotion, the CAESARS name is among the most famous in the industry and is world-renowned. Plaintiffs assert that it is the most famous brand in the industry.

8. When it opened in August 1966, CAESARS PALACE included 680 guest rooms, a 980-seat showroom branded as CIRCUS MAXIMUS, a GARDEN OF THE GODS pool-spa complex, and a 25,000 square foot convention center called the COLOSSEUM Convention Complex. Newspaper articles describing the opening of CAESARS PALACE property included references to the COLOSSEUM convention center. At the time of the opening, Caesars Palace produced and distributed brochures and press releases that identified the COLOSSEUM

convention center. Those brochures and press releases were circulated in interstate commerce. This COLOSSEUM convention center was not an amphitheater and in no way resembled the ancient Roman Coliseum. It did not have elevated seating and was rectangular in shape.

9. The COLOSSEUM has been used to designate many different services offered in relation to the convention center at Caesars Palace. Based on the exhibits admitted at trial, it is clear that these services include entertainment services such as headliner acts, televised events, live boxing and other sports events as well as charitable services, such as portions of the Jerry Lewis Telethon for muscular dystrophy and the United Way. The COLOSSEUM was also used to promote casino and gaming services such as annual slot tournaments and sports betting services. The COLOSSEUM brand was also used in connection with food and banquet services. Since August of 2001, the COLOSSEUM trademark has also been used in connection with the following merchandise: tankards (large mugs), coffee mugs, plates, bar soap, candles in various sizes, and paper note pads.

10. Since the opening of Caesars Palace in April of 1966, it is estimated that approximately 9,000,000 people have enjoyed some service offered under the COLOSSEUM trademark.

11. Caesars Palace has received multiple awards for the convention services offered under the COLOSSEUM mark. For instance, *Meeting & Conventions Magazine* awarded Caesars Palace the Gold Key Award for its hotel and convention services. This is an annual award given to the finest meeting properties worldwide, with winners nominated and chosen by Meetings & Conventions more than 76,000 corporate, incentive and association meeting planner subscribers. *Meetings in the West* voted Caesars Palace one of the top 50 properties in the West for meetings based on a readers survey. Caesars Palace was also awarded the 2000 Award of

Excellence for its services for corporate meetings and incentive travel by subscribers to *Corporate & Incentive Travel Magazine*.

12. Since its opening in 1966 CWI has spent many millions of dollars promoting CAESARS PALACE. Because the COLOSSEUM mark is usually used in combination with CAESARS PALACE or another version of the CAESARS mark, it is difficult for CWI to provide an exact estimate of the amount of monies expended promoting the COLOSSEUM mark. At the very least CWI expended over \$9 million in promoting this mark since the opening of CAESARS PALACE in 1966 until 2000.

13. As a result of the success of Caesars Palace, CWI opened additional properties in the United States under the CAESARS mark, including CAESARS INDIANA and the CAESARS POCONO RESORTS.

14. The showroom at the Caesars Indiana gaming vessel bears the name COLOSSEUM. It is not an amphitheater and in no way resembles the ancient Roman Coliseum. Like the COLOSSEUM ballroom at Caesars Palace, it is rectangular in shape and does not have elevated seating. When CWI opened that showroom in November 2000, it issued promotional materials for the entertainment services offered in the COLOSSEUM showroom in interstate commerce, and the opening was reported in the press. Approximately 75,000 persons have enjoyed the entertainment services offered under the COLOSSEUM mark at Caesars Indiana since the November 2000 opening.

15. CWI established a series of four hotels in Pennsylvania known as the Caesars Pocono Resorts. The main restaurant at Cove Haven, one of the 4 resorts constituting Caesars Poconos, was and is called the COLOSSEUM. When PPE acquired CWI in 1999, it did not acquire Caesars Poconos. However, as part of the transaction, CWI has licensed the buyer to use

certain trademarks, including the CAESARS and COLOSSEUM marks. The COLOSSEUM dining room at Caesars Poconos has an exterior whose high arches and columns resemble the original Coliseum amphitheater from the ancient Roman Empire. The dining room is advertised on the Internet and through other media as the COLOSSEUM dining room. From the opening in approximately 1980 until 1999, CWI has spent over \$50 million promoting Cove Haven, including the restaurant services offered under the COLOSSEUM mark. Caesars Poconos has served more than 1,000,000 customers at the COLOSSEUM dining room since its opening.

16. As a result of the thousands of people who have utilized the various services offered at the convention center in Las Vegas under the COLOSSEUM trademark, eaten at the COLOSSEUM dining room in Pennsylvania, attended a performance at the COLOSSEUM showroom in Indiana, the sale of merchandise sold in connection with the COLOSSEUM trademark, and the extensive promotion by CWI of the COLOSSEUM mark in connection with the services referenced above, there is considerable association by the public of COLOSSEUM with CWI, and Caesars Palace in particular. The strength of the COLOSSEUM mark is also reflected by the extensive use by third parties of the COLOSSEUM mark in association with CWI. Since 1981, the COLOSSEUM has been referred to in association with CAESARS properties in more than 250 articles in news journals nationally and internationally.

17. CWI has used several marks with respect to their properties that incorporate the EMPIRE mark. The marks EMPIRE, CAESARS EMPIRE and THE ROMAN EMPIRE, (together with other marks identified below, the "EMPIRE family of marks") have been used synonymously with CAESARS PALACE and the services offered there from since at least 1968, as evidenced by various promotional materials. Since at least the early 1990's, the EMPIRE and ROMAN EMPIRE marks have been used on maps of the Caesars property entitled "GUIDE TO

THE EMPIRE.” The EMPIRE mark has also been used in promotional materials in numerous ways including ENCHANTMENT AT THE EMPIRE, ENJOY THE EMPIRE, and BEHOLD THE EMPIRE. The 1997 Emperor’s Guide, placed in every room at Caesars Palace, used THE EMPIRE mark to identify hotel facilities. Until recently, Caesars Palace offered special entertainment at CAESARS MAGICAL EMPIRE. As a large public facility, Caesars Palace is constantly renovating, modifying, or simply maintaining its physical structure. Whenever this occurs, CWI – as does virtually every public facility – places a sign apologizing for any inconvenience. However, CWI customizes these notices to fall within its Roman-Grecian theme and headlines these notices with the trademarks REBUILDING THE EMPIRE or EXPANDING THE EMPIRE. For the past three years, a neon sign reading WELCOME TO THE EMPIRE hangs above an entrance at Caesars Palace. CWI has also used the mark THE JEWEL OF THE EMPIRE to distinguish Caesars Palace from its other Caesars properties.

18. CWI uses the EMPIRE family of marks at its other Caesars facilities. Caesars Indiana distinguishes itself from its sister properties as THE GLORY OF THE EMPIRE, inviting people to EXPERIENCE THE EMPIRE and watch THE EMPIRE’S TOUGHEST GLADIATORS. CAESARS ATLANTIC CITY offers guests a guide to RESTAURANTS OF THE EMPIRE, as well as pamphlets, which say WELCOME TO THE EMPIRE CAESARS ATLANTIC CITY. Caesars Tahoe identifies itself within the group of Caesars properties as the MOUNTAIN EMPIRE.

19. CWI is also the owner of three additional relevant registrations namely CAESARS MAGICAL EMPIRE (Registration No. 2,630,525), the EMPERORS CLUB (Registration No. 1,743,663), and EMPERORS EVERYDAY GIVEAWAY (Registration No. 1,837,096).

20. The foregoing demonstrates plaintiffs' use of the EMPIRE family of marks dates back to at least 1968, and that the amount plaintiffs have invested in using and promoting the EMPIRE family of marks in interstate commerce is a multiple of the substantial amounts expended on behalf of the COLOSSEUM mark.

C. Plaintiffs' Decision to Build a New Entertainment Center in Las Vegas.

21. In the 1990s, CWI began to face serious competition as the industry leader in Las Vegas as properties such as the Bellagio and Mandalay Bay opened. These properties more effectively competed for premium customers, and these competitors developed entertainment venues that could offer larger seating (MGM Grand's 17,157 seat Grand Garden Arena) or new state of the art facilities (Mandalay Bay's Convention Center with two state of the art ballrooms). In order to maintain the prestigious reputation of CAESARS in Las Vegas and solidify the perception of PPE as the premiere gaming company in the world, PPE (which by then owned CWI) decided to build a new entertainment complex at CAESARS PALACE.

22. PPE and CWI were already in discussions at this time with Celine Dion, the well-known Canadian singer, concerning the creation of a new production in which she would star. Ms. Dion and her husband/manager, Renee Angelil, introduced plaintiffs to Sceno Plus, a Canadian firm specializing in designing and building unique venues.

23. PPE and CWI, together with Ms. Dion and Mr. Angelil, described the requirement of this space for the type of show that was contemplated as well as the site within the Caesars Palace property where this venue would be constructed.

24. Sceno Plus took this information and using its own creative talents developed a place for a building that would fit within the existing Roman-Grecian theme of the Caesars Palace design.

25. It was Sceno Plus that developed the idea of constructing a building resembling the ancient Roman Coliseum and suggested naming it COLISEUM, and then presented the idea to PPE. Sceno Plus's concept has a large circular shape with columns and arches mimicking the inside of the Ancient Coliseum. The stage has been built to have lifts from under the stage to bring up sets and performers the same way that there were lifts in the Ancient Coliseum to bring animals and gladiators to the center stage. However, the audience will not totally encircle the stage as did the ancient Roman Coliseum.

26. PPE and CWI approved the selection of the mark with a modified spelling to dovetail the spelling used for the convention complex at Caesars Palace because the name was consistent with the well-known Roman Grecian theme associated with CWI. Because the name had already been in use at Caesars Palace since 1966, the business people from PPE and CWI assumed that it had all necessary rights to this mark.

27. Plaintiffs closed the original COLOSSEUM convention center, and on April 10, 2001, PPE publicly announced plans to build a new 4,000 seat theater connected to, and incorporated within, CAESARS PALACE, also to be called THE COLOSSEUM but will from time to time be referred to only as COLOSSEUM.

28. The COLOSSEUM's site is at the apex of Las Vegas and Flamingo Boulevards where it can be seen from virtually anywhere on the Las Vegas Strip, and was positioned prominently in front of CAESARS PALACE. On a typical day, it is estimated that more than one million people pass by this corner. The decision to build such a prominent building is part of PPE's strategic competitive response to the "new Las Vegas." During 2001, PPE used the COLOSSEUM mark in many presentations to analysts, shareholders and the press to highlight PPE's commitment to the high quality services offered by the Company. PPE's officers often

referred to the COLOSSEUM as one of the cornerstones in the revitalization of Caesars Palace and a new repositioning of the company to compete in Las Vegas. The COLOSSEUM mark was also prominently featured on the actual construction site at Caesars Palace. For instance, one of the signs stated "Battles Raged There. Chariots Roared There. Beasts Ravaged There. (And Now Celine Will Play There.) COLOSSEUM. The World's First Stage. Coming Soon To The Empire."

29. Construction began shortly after the April 2001 announcement. PPE expects the facility will cost nearly \$100 million to construct. In May 2001, PPE announced that Celine Dion would open in a long-running engagement at the new convention center. On May 22, 2002, PPE gave further details of the engagement, announcing that Celine Dion will be appearing 200 nights a year in a Franco Dragone production at the COLOSSEUM for the next three years. The announcement stated that the COLOSSEUM would open in March 2003.

30. As part of the May 22, 2002 announcement, Celine Dion appeared at the COLOSSEUM with the construction crew, an event that attracted significant nationwide media coverage in both print and televised media.

31. The COLOSSEUM mark will not only be used to designate the entertainment services offered by plaintiffs as the new performance home for Celine Dion, it will also be used to designate numerous other services, including T.V. specials, boxing events, concerts, conventions, and parties for special occasions like the Super Bowl. Additionally, it will be used in connection with gaming services such as slot machines and other gaming amenities that will be located just outside the box office to the COLOSSEUM. Other services to be offered under the COLOSSEUM mark will include food, charitable, and other related services. Of course, in this era of merchandising, the COLOSSEUM mark will be used on a variety of goods. In

addition to the goods noted above, after the May 22nd announcement CWI commenced use of the COLOSSEUM mark on t-shirts and anticipates expanding the goods to be branded with this mark.

32. PPE and CWI have already spent \$2 million in marketing and promoting the new COLOSSEUM and the services to be offered in connection therewith. These promotion efforts include pop-up advertisements on the Caesars web site and advertisements in the print media. PPE estimates that approximately 1,000,000 visitors have accessed the Caesars web site since it began the COLOSSEUM promotions. In addition, PPE and CWI have created production logos and other promotional material that prominently display the COLOSSEUM mark.

33. Tickets for the Celine Dion show, which also feature the COLOSSEUM mark, have been sold. PPE and CWI have had signage and murals made displaying the mark. In all, PPE has spent or committed to spend \$4 million in promoting the new COLOSSEUM.

34. Others involved with the opening, including Celine Dion, have used the COLOSSEUM mark in promoting the entertainment services to be offered at this new venue.

35. If PPE and CWI are prevented from using the COLOSSEUM mark, they would suffer financially and through loss of goodwill. The cost to PPE and CWI in having to redo the signs, the tickets, and all of CWI's promotional material would be at least \$500,000. PPE and CWI might also have to compensate others who would have to revamp their marketing material. In addition, PPE and CWI could not recapture the favorable media exposure already obtained if they could not use this mark.

36. If they cannot use the COLOSSEUM mark, plaintiffs also stand to lose considerable goodwill with: (a) customers and others in the public who associate the COLOSSEUM mark with CWI in general, and Caesars Palace in particular including the

services to be offered at the new entertainment complex; and (b) their business partners involved in the March 2003 opening at the COLOSSEUM and who have promoted the entertainment services to be offered at this new facility under the COLOSSEUM mark.

D. Cyrus Milanian's Business and His Claim of Trademark Rights.

37. As explained below, because Milanian elected not to appear at trial and refused to be deposed, there is little evidence about his background. A self-described "Internettor," the only business connected to him operates under his personal name and purports to offer telephone and ISP services. Milanian owns at least one domain name, jimcrow.com, that has been offered for sale. There is no evidence that Milanian has any meaningful experience in the casino or resort hotel business. He does have considerable experience in filing trademark applications, having filed 156 of them since 1998. Milanian's business model is to apply for a series of trademarks for a particular theme that he anticipates (or expects) will be a theme for a casino or resort hotel. The vast majority of these applications have been filed on an intent-to-use basis.

38. For example, Milanian applied for approximately 32 trademarks for themes relating to Titanic and 41 applications for themes related to the city of San Francisco. He then offered to sell or license those trademark rights. On one of his web sites, Milanian stated that he "offers licensing rights or buyout rights in the trademarks service mark for resort hotel service, casino service and/or product merchandising services."

39. With respect to Titanic themed marks, Milanian filed his first application six weeks after being told by Cunard that it was not interested in licensing its trademarks. Those applications resulted in an opposition by Cunard. In an opinion granting the opposition and canceling Milanian's application, the Trademark Trial Appeal Board noted Milanian's obvious

disregard for the intellectual property of others. *See Cunard Line Limited v. Cyrus Milanian*, Opp. No. 116,277 (T.T.A.B. July 28, 1998).

40. Milanian filed trademark applications for a San Francisco theme marks six months after learning that prominent casino developers were contemplating a San Francisco theme casino for Las Vegas.

41. As indicated above, Milanian's applications are filed on an intent-to-use basis that requires a good faith bona fide intent to use the marks in connection with the sale of goods or services. When called upon to provide evidence of use to the USPTO, Milanian typically has attached copies of a web site on which he purports to offer his services, i.e, the business management of resort hotels, casinos and theme parks for others under one or more of the following trademarks. The web site then lists over a hundred trademarks, including the ones for which he is attempting to show use.

42. Milanian's business model has not been successful. There is no evidence that he has generated sales of his business management services offered through his web sites. Indeed, Milanian's approach --- filing for many related trademarks for a theme for a prospective casino or resort hotel and then offering "business management services" under those trademarks --- is inconsistent with the approach used by experienced developers or consultants who provide services in connection with a new resort hotel or casino. The accepted industry practice is to provide consulting or management under the firm's own name, not under one or many trademarks that would be used by the consultant's clients in its business.

43. Indeed, according to a Dun & Bradstreet report, on May 26, 2002, Milanian told an interviewer that he operated a telephone communications company under his personal name. Thus, it appears that as of May 26, 2002, only days before he contacted plaintiffs for the first

time, that Milanian was not using any of the names for which he sought registration in connection with this business or that he described himself as being in the business of providing consulting services for casinos, hotels, resorts, gaming machines or merchandise.

E. Milanian's Claim of Trademark Rights in COLOSSEUM and EMPIRE

44. On April 23, 2001, less than two weeks after PPE announced the imminent commencement of construction of a new 4,000 seat showroom to be called the COLOSSEUM, Milanian filed an intent to use application with the USPTO (Serial No. 78/059,830) for THE COLOSSEUM, for "business management of resort hotel, casinos, and theme parks for others and product merchandising services."

45. Based on Milanian's efforts, however unsuccessful, to market his services to hotels and casinos such as those operated by PPE and CWI, as well as the timing of this filing, the Court finds that at the time Milanian filed this application he had knowledge of plaintiffs' use of the COLOSSEUM marks and their intent to use COLOSSEUM in connection with the services to be offered at the new entertainment complex. The Court also finds that Milanian knew that the use of the COLOSSEUM mark for these services would also inevitably lead to the use of the mark on merchandise such as souvenirs and related goods.

46. On August 21, 2001, Milanian filed another intent to use application with the USPTO (Serial No. 76/302,255) for ROME LAS VEGAS COLOSSEUM, for "resort hotels, casinos, and theme park business management, development, and product merchandising services." Notwithstanding these filings, Milanian took no steps to contact plaintiffs. The Court concludes that this failure to contact plaintiffs was not accidental, but was intentional. Milanian knew that the longer he waited to contact plaintiffs the more time and money they would expend in the mark thereby raising the value to any claim made by Milanian.

47. On April 18, 2001, Milanian filed an intent to use application for THE EMPIRE mark (Serial No. 78/059,056) for “business management of resort hotels, casinos and theme parks for others and products merchandising services.” Thereafter, on October 21, 2001, Milanian filed an intent to use application for THE ROMAN EMPIRE mark (Serial No. 78/090,495) for “business management and development of casinos, hotel resorts, restaurants, shopping malls, convention centers, theme parks, real estate, and product merchandising.”

48. Milanian’s interference with other marks owned by plaintiffs didn’t stop there. Although not at issue in the instant action, on October 27, 2001, Milanian filed an intent to use application (Serial No. 78/090499) for JULIUS CAESAR for “business management and development of casinos, hotel resorts, restaurants, shopping malls, convention centers, theme parks, and products merchandising services.” The USPTO refused registration based on the confusing similarity to plaintiffs’ family of CAESARS marks. Plaintiffs learned of the attempted registration and wrote to Milanian requesting that he abandon any efforts to use their marks in commerce. On August 5, 2002, Milanian abandoned the application. The Court finds that these facts further demonstrate Milanian’s pattern of registering marks for which he has no legitimate use and for the sole purpose of interfering with the rights of others.

49. Around this same time, Milanian also registered the domain names LASVEGASCOLOSSEUM.COM, COLOSSEUMLV.COM, and COLOSSEUMLASVEGAS.COM.

50. It wasn’t until after PPE’s May 22, 2002 announcement that Celine Dion would be appearing for a long-running opening engagement at the COLOSSEUM opening in March of 2003 that Milanian contacted plaintiffs regarding his alleged rights in the COLOSSEUM mark. On or about June 1, 2002, Milanian telephoned PPE’s corporate headquarters in Las Vegas,

Nevada and demanded to speak with its CEO, CFO or other senior management personnel alleging that PPE was violating his trademark rights in the term COLOSSEUM.

51. During the next ten days, Milanian filed two new intent to use applications for THE COLOSSEUM, namely Serial No. 78/132,978 for slot machines and Serial No. 78/134,219 for business development services even though he neither had a gaming license or filed an application for a gaming license, which is required in order to manufacture or distribute slot machines. Defendants have admitted that they lacked a bona fide intent to use this mark for these slot machines because they did not have and had not applied for a gaming license. (*See Answer at ¶ 14*).

52. On or about June 11, 2002, representatives of PPE and CWI held a telephone conference with Milanian and his first attorney, Nicholas Karamanos of Pennsylvania. During this June 11, 2002 conference call, plaintiffs were informed by Milanian's counsel that he had filed a Statement of Use for THE COLOSSEUM (Serial No. 78/059,830) on June 6, 2002, and that the evidence of use was a copy of the "resortscenter.com" web site which, as discussed above, listed COLOSSEUM as one of the trademarks under which Milanian purports to offer business management services.¹

53. Plaintiffs advised Milanian of CWI's well-established common law trademark rights in the COLOSSEUM dating back to 1966, and demanded that Milanian abandon any claims to COLOSSEUM including his applications for THE COLOSSEUM as well as any corresponding domain names. Plaintiffs made several further attempts to convince Milanian to abandon his claim in the COLOSSEUM mark. He did not respond to those overtures, and has refused to accede to plaintiffs' requests.

¹ Milanian claimed that his initial use of COLOSSEUM was in May 2000. However, his web sites do not list COLOSSEUM until August 2001.

54. Meanwhile, on June 5, 2002, CWI filed an intent to use application with the PTO for COLOSSEUM (Serial No. 76/417,751, Class 41) for “education and entertainment services, namely operating a sports, entertainment, concert, convention and exhibition arena and the production or co-production of sports and entertainment events, concerts, conventions and exhibitions for public exhibition, viewing and for radio, television and cable broadcasts.” This application was filed on an intent to use basis because PPE wanted to make its claims a matter of public record but needed to review its archives for specimens illustrating its use of COLOSSEUM since the COLOSSEUM convention center, as noted above, had already closed. CWI subsequently filed an Amendment to Alleged Use claiming August 6, 1966 as the date of first use. The USPTO issued an office action refusing registration of this mark because it found the COLOSSEUM mark to be merely descriptive of the services. It also questioned whether the specimens submitted were sufficient. CWI explained that the one specimen submitted to the USPTO did not include all of the exhibits made available at this trial. CWI has until May 29, 2002 to respond to the USPTO. CWI has determined that it would focus its energies on this case and turn to the issues raised by the USPTO after the conclusion of this trial.

55. On September 24, 2002, plaintiffs’ outside counsel received a demand on behalf of defendants from the law firm of Brinks, Hoffer, Gilson and Lione indicating that Milanian continued to believe he had potential claims against PPE and CWI. On October 2, 2002, plaintiffs filed this declaratory judgment action, alleging that defendants² violated the Lanham Act and committed unfair competition under Nevada law with respect to COLOSSEUM and EMPIRE theme marks. Plaintiffs sought a declaration of their superior rights in those marks, an

² In addition to Milanian, plaintiffs sued The New Las Vegas Development Company (“NLVD”), on whose behalf plaintiffs received the September 24, 2002 letter referenced above from a law firm that was apparently engaged by both Milanian and NLVD.

order enjoining defendants from using the marks, and for a consolidation of the trial on the merits under Rule 65.

56. Defendants filed an answer on November 26, 2002 through the law firm of Hunterton & Associates. The answer denied the salient allegations in the complaint except it admitted that Milanian lacked a bona fide intent to use THE COLOSSEUM on gaming machines, namely slot machines and gambling devices because he does not have and has not taken steps to obtain a gaming license. (*See Answer at ¶ 14*). While the Answer did not include any counterclaims, it did assert two affirmative defenses of particular relevance, namely affirmative defense 5 that plaintiffs are estopped from asserting claims to the trademarks and affirmative defense 6 that defendants poses common law and/or contractual rights to the trademarks. No facts were pled to support these defenses.

57. During a conference held by the Court on December 19, 2002, Hunterton & Associate's Motion to Withdraw as Counsel was accepted and pursuant to the Order entered that same day; the Court ordered a consolidated trial on the merits to commence on January 21, 2003.

58. On January 9, 2003, the last day by which defendants were allowed to file a trial brief, Gregory F. Buhyoff, Esq., on behalf of both defendants, filed a Motion for Summary Judgment arguing that plaintiffs are using the mark COLOSSEUM as a generic term and thus had no standing to assert the claims in their Complaint.

59. This motion also included as documents purporting to show that in May 1996, Milanian submitted a proposal to ITT, the then-owner of CWI, concerning the development at Caesars Palace of a replica of the ancient Roman Coliseum and other ancient landmarks. Milanian attached other documents purporting to show that ITT apparently lost this proposal, and

that ITT agreed to maintain the confidentiality of any mental impressions revealed in Milanian's proposal.³

60. Witnesses employed by PPE and CWI who testified stated that they had no knowledge of any of these documents and had never heard of any proposal from Mr. Milanian until they saw these documents.

61. Additionally, ITT subsequently sold CWI to Starwood in approximately 1998. As noted above, CWI was then acquired by PPE on December 31, 1999. None of the CWI employees referenced in these three documents are still employed by plaintiffs.

62. PPE's in-house counsel testified that he had reviewed the current legal files and found no copies of any of these documents.

63. On December 31, 2002, plaintiffs noticed the deposition of Mr. Milanian for Monday, January 13, 2003. Mr. Milanian failed to appear at this deposition and did not notify plaintiffs that he would not be appearing until that day.

64. On January 14, 2003 the Court held a court conference with respect to this missed deposition and was advised that the parties were discussing settlement. The parties were directed by noon on January 15, 2003 to either settle this matter or agree to a new mutually acceptable time for the Milanian deposition.

65. On January 15, 2003, the Court was advised that no settlement had been reached. Mr. Milanian's counsel provided the Court and plaintiffs' counsel with a letter from a physician stating that Mr. Milanian could not testify due to "generalized anxiety, panic attacks and depression."

³ While referencing these documents in this submission, plaintiffs specifically reserve their right to object to their admission at trial.

66. In the Court's view, this physician's letter was not sufficient to justify Milanian's failure to attend his deposition. The letter did not indicate when Milanian's condition commenced or what treatment was being provided. The Court therefore directed that Milanian would be barred from testifying at trial and that it would consider favorably an application from plaintiffs for its fees in connection with preparing for the deposition. The Court also indicated that the motion for summary judgment was untimely but accepted that brief in lieu of a trial brief.

67. On January 16, 2003 the parties believed that they had settled this matter, and were prepared to call the Court that morning to put the settlement on the record. However, on January 10, 2003, Milanian refused to settle this matter because of an alleged disagreement over whether the settlement would include a general release by him of all claims or just the trademark claims.

68. Apparently, Milanian believed that after settling his "trademark" claims, he still wished be entitled to bring a claim or claims based on the events in 1996.

69. On January 17, 2003, Plaintiffs moved orally to enforce the claimed settlement, which the Court denied. At that same time, Mr. Buhyoff moved to withdraw as counsel in favor of Melvin Silverman. Melvin Silverman advised the Court that "many days" would be required to prepare for trial and again represented, without any further medical substantiation, that Milanian was not able to attend the trial.

70. The Court refused Mr. Buhyoff's motion to withdraw on the eve of trial and also ruled that the trial would go forward as scheduled. Later that day Mr. Silverman filed an appearance and papers to be admitted pro hac vice.

71. On January 20, 2003, Mr. Buhyoff advised plaintiffs' counsel that Mr. Milanian was in Nevada and was requesting plaintiffs' consent to allow him to testify. Plaintiffs refused.

72. The trial was conducted from January 21, 2003 through January 23, 2003

CONCLUSIONS OF LAW

1. This Court has subject matter jurisdiction over this action pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. §§ 1331, 1338(a), 1367 and 2201.

2. This Court has personal jurisdiction over the defendants, and venue is proper pursuant to 28 U.S.C. § 1391.

3. The Court has authority under Federal Rule of Civil Procedure 65 to conduct a final trial on the merits consolidated with the plaintiffs' request for preliminary relief.

4. The Lanham Act protects both registered and common-law trademarks. Section 43(a)(1) of the Act provides:

Any person who, on or in connection with any goods or services, ... uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which ---

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, ... shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act. *Id.* at 15 U.S.C. § 1125 (a)(1).

5. This section protects against infringement of unregistered marks, trade dress, as well as registered marks. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999). Ownership of a trademark is established through priority of use in connection with the sale of goods and services. *See* 15 U.S.C. § 1127; *Brookfield*, 174 F.3d at 1047. The first one who uses a mark, not the first one to register it, thus determines

priority of use. *Id.*; see also *Great Basin Brewing Co. v. Healdsburg Co.*, 44 U.S.P.Q.2d 1751, 1753 (D. Nev. 1997).

6. Once priority of use is established, neither application for nor registration of a mark abrogates or diminishes a senior user's common law ownership rights in a non-registered mark. See *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F.3d 427, 434 (7th Cir. 1999). To determine whether a service mark has been used in commerce, the court must consider the "totality of circumstances", including "non-sales" activities, such as an announcement to commence construction and issuance of press releases. See *Chance v. Pac-Tel Teletrac, Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001).

7. The Court of Appeals for the Ninth Circuit specifically addressed this question in *Chance* and provided the following directions:

In applying this approach the District Courts should be guided in their consideration of non-sales activities by factors ... such as the genuineness and commercial character of the activity, the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind as those of the holder of the mark, scope of the non-sales activity in relation to what would be a commercially reasonable to market the service, the degree of ongoing activity of the holder to conduct the business using the mark, the amount of business transacted, and other similar factors..."

8. A review of these factors makes it clear that CWI commenced use of COLOSSEUM years ago in a variety of services. It has presented evidence of numerous events promoted in connection with the COLOSSEUM mark including some examples of the actual promotional materials dating back many years.

9. The fact that the COLOSSEUM mark was also used in combination with other marks does not mean that it did not function as a service mark. Many services and goods are marketed by more than one mark. For instance, the NBC trademark is prominently used in

connection with THE TODAY SHOW. Ford Mustang is another example. That does not negate that both these marks function as marks.

10. Additionally, just because a mark is also used to designate a place, does not mean it stops functioning as a trademark. Disneyland is a place and a service mark for a variety of services offered at the place.

11. Thus I find no merit in defendants' arguments that as used by plaintiffs in its promotional materials that COLOSSEUM is merely a place and that CAESARS PALACE is the trademark.

12. Nevada law appears to follow federal law on issues of use. *A.L.M.N. v. Rosoff*, 104 Nev. 274, 277, 751 P.2d 1519 (1988).

13. In a case that is factually analogous to the case at bar, the District Court of Maryland found that plaintiff's use of a mark during the pre-construction and promotional stages of development of a sports stadium was sufficient to establish priority and confer trademark rights such that it could enjoin defendant from infringing plaintiff's mark. *See Maryland Stadium Authority v. Becker*, 806 F. Supp. 1236, 25 U.S.P.Q.2d 1469 (D. Md. 1992).

14. Section 1(b) of the Lanham Act was amended by Trademark Law Revision Act of 1988 (the "TLRA"), effective November 16, 1989, to allow for the filing of a trademark application for registration by an individual with "a bona fide intention, under the circumstances showing the good faith of such person" to use the mark on the goods or services listed. The U.S. Trademark Association's official commentary to the TLRA observed that although the act contains no precise definition of bona fide intent to use, a requirement of "good faith" is a precondition to such registration. *See* U.S.T.A., "The Trademark Law Rev. Act of 1988," comment on § 1(b) at p. 43 (1989). There is little caselaw with respect to what constitutes bona

fide intent to use a mark in commerce. However, in order to prevent the intent to use amendments from being abused, the Lanham Act was also amended to clarify that “use in commerce” means “the bona fide use of the mark in the ordinary course of trade, and not made merely to reserve a right in a mark.” 15 U.S.C. § 1127.

15. Based on the legislative history behind the TLRA, the test of “bona fide” intent has been interpreted to require “objective” evidence of circumstances showing “good faith.” *See Lane Ltd. V. Jackson Int’l Trading Co.*, 33 U.S.P.Q.2d 1351 (T.T.A.B. 1994) (“[A]pplicant’s mere statement of subjective intention, without more, would be insufficient to establish applicant’s bona fide intention to use the mark in commerce.”)

16. These amendments provide significant guidelines to this Court in evaluating whether Milanian had a bona fide intent to use the COLOSSEUM and EMPIRE marks in commerce at the time he filed these applications. *See generally* S.Jud.Comm.Rep. on S. 1883, S. REP. NO. 100-515, pp. 23, 24 (Sept. 15, 1988); *reprinted in* TLRA Leg. Hist., *supra*, 23, 24. Indeed, among the examples provided of evidence that would disprove a bona fide intent to use a mark, the Senate Report included the following two:

numerous intent to use applications for a variety of desirable trademarks intended to be used on [a] single new product . . . [and] an excessive number of intent-to-use applications in relation to the number of products the applicant is likely to introduce under the applied-for marks during the pendency of the applications.”

Id.

17. Milanian points to the fact that he has obtained several, business method patents relating to a Titanic-themed casino and that he incurred substantial legal fees in connection with obtaining these rights.

18. While under other circumstances the pursuit of a patent would constitute evidence of a good faith intent to use a mark related to the patent in commerce, this case is not the usual

case. The Court finds that this patent filing only illustrates that at least to the Titanic marks, Milanian was so intent on reserving rights to a mark that he was willing to underwrite those expenses. However, you don't become a major league pitcher because you buy the uniform; and whatever his subjective intent, there is no objective evidence that Milanian had the ability to follow through on any of his grandiose plans. As noted in the two early trademark treatises, the determination of a bonafide intent to use must be based on objective evidence. There is no current viable plan for a Titanic-theme casino.

19. Based on Milanian's filing of over 150 applications since 1998, with the majority of those relating to either Roman, Titanic or San Francisco themes for use in casinos, the Court concludes that Milanian lacked (and lacks) a bona fide intent to use these marks in commerce, but was merely attempting to reserve rights in order to license or sell them to others.

20. This conclusion is supported by the statement on Milanian's web site that he was offering "licensing rights and buyout rights in the trademark service mark for resort hotel services, casino services and/or product merchandising services." The Court also concludes that this business model of registering numerous trademarks to assign them to others is not the normal business model used by consultants in the hotel and gaming industries. Indeed, the Court finds the Dun & Bradstreet report as evidence that as of May 2002 Milanian made no mention of his casino, hotel and related consulting services

21. Therefore, based on these conclusions the Court finds that Milanian's applications for COLOSSEUM and EMPIRE have no legal effect and orders the Patent and Trademark Office to cancel all such applications and/or registrations resulting from such applications.

22. However, even assuming that Milanian's applications were not void *ab initio*, any registration from these marks must be cancelled because plaintiffs have priority.

23. CWI established that it first used the COLOSSEUM mark in August 1966 in connection with the opening of Caesars Palace. CWI presented persuasive evidence that it used the COLOSSEUM mark in interstate commerce for a variety of services including entertainment, convention, gaming, food and charity services offered at the Caesars Palace Convention Center. It was also undisputed that CWI expanded its use of COLOSSEUM to include restaurant services offered at the Caesars Poconos in 1980 and to entertainment services offered at a showroom at Caesars Indiana in November 2000, and that CWI has used (or in the case of Caesars Poconos, licensed) the COLOSSEUM mark continuously from 1966 to the present.

24. CWI has spent millions of dollars promoting the COLOSSEUM mark, and more than a million people have visited the COLOSSEUM facilities in Las Vegas, Indiana or at the Poconos.

25. CWI's use of the EMPIRE family of marks dates back to at least 1968 and is evidenced by marketing materials and advertising, and more recently by its posting and promotion on the Internet. These marks have been circulated in interstate commerce continuously from at least 1968 until the present.

26. By contrast, Milanian filed his first intent to use application for COLOSSEUM on April 23, 2001. Milanian claimed first use of Colosseum in May 2000,⁴ but there is no evidence to suggest he even displayed COLOSSEUM on his web site until August 2001. Milanian filed his first application for an EMPIRE trademark in November 2001. The only use of this mark was on his website.

27. The Court finds that the use of the COLOSSEUM and EMPIRE marks on Milanian's website is not a commercial use, but merely a use devised for the purpose of

reserving rights in a mark. This Court concludes that posting numerous marks on a website with a statement that says essentially no more than Milanian offers such and such services in connection with a list of marks “each under its own title” is a mere sham that cannot vest him in any rights. Any other ruling would run contrary to the letter and spirit of the Trademark Law Revision Act of 1988.

28. Based on the foregoing facts, the Court finds that CWI is the senior user of the COLOSSEUM mark and the EMPIRE marks under both the Lanham Act and Nevada law.⁵ As a result, this is additional basis for the Court’s Order that Milanian’s application and/or registration for COLOSSEUM and EMPIRE be cancelled.

A. Declaratory Relief Entitling Plaintiffs to Use COLOSSEUM and EMPIRE Marks

29. In order to obtain declaratory relief, a plaintiff must establish that there is an actual controversy present that is ripe for adjudication. *Chiron Corp. v. Advanced Chemtech, Inc.*, 869 F. Supp. 800, 802 (N.D. Cal. 1994) (citing *Shell Oil Co. v. Amoco Corp.*, 970 F.2d 885, 887 (Fed. Cir. 1992)). A plaintiff can meet this burden by showing it has a reasonable apprehension of being sued, which typically exists in cases such as this one where there have been allegations of trademark infringement. *Id.*; see also *Arrowhead Indus. Water, Inc. v.*

⁴ As discussed below, the Court does not believe Milanian has ever used the Colosseum mark in connection with the bona fide sale of goods or services. In any event, CWI’s use antedates Milanian’s claimed use by more than 30 years.

⁵ Even if plaintiffs had never used COLOSSEUM before April 10, 2001, the date the publicly announced construction of the new Colosseum, they would still have priority over Milanian. Plaintiffs issued a press release, commenced construction and thereafter consistently referred to the development of COLOSSEUM as a central piece of their effort to revitalize Caesars Palace. The “totality of the circumstances” establish plaintiffs’ priority in COLOSSEUM even if plaintiffs had not used COLOSSEUM before April 10, 2001. See *Chance v. Pac-Tel Teletrac, Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001).

Ecolchem, Inc., 846 F.2d 731, 736 (Fed. Cir. 1988); *Topp-Cola Co. v. Coca Cola Co.*, 314 F.2d 124 (2d Cir. 1963).

30. In this case, Milanian's conduct clearly caused plaintiffs to have a reasonable apprehension of being sued. The Court concludes that Milanian knew of plaintiffs' press release with respect to the rebuilding of the COLOSSEUM and filed his applications in order to capitalize on the plaintiffs' failure to do so. His course of conduct leads the Court to conclude that Milanian intended to wait until the eve of the COLOSSEUM's opening to file an action against plaintiffs. Certainly, the September 24, 2002 letter from the law firm of Brinks Hoffer to plaintiffs' outside counsel requesting support for PPE's claims of priority signifies that Milanian continued to believe that he had claims of infringement.

31. Thus, this Court has authority under 28 U.S.C. § 2201 to declare that plaintiffs CWI and PPE may use the COLOSSEUM and EMPIRE marks for entertainment, casino, gaming, charitable, as well as related goods and services.

32. Additionally, the events of January 16 and 17 with respect to the settlement plaintiffs claim was agreed to, makes clear that plaintiffs are also under a reasonable apprehension of being sued for some claim arising out of the 1996 events.

33. The Court notes that the Complaint makes no reference to these events. This is not surprising in light of the fact that, as Milanian knew, their predecessors in interest had lost Milanian's proposal and none of the persons identified in these documents are currently employed by either PPE or CWI.

34. Moreover, it is clear that Milanian has tried to avoid providing plaintiffs with any of this information until the last possible moment. Indeed, his failure to appear at deposition

clearly contributed to their prejudice by depriving plaintiffs of the ability to have inquired as to the factual basis for the affirmative defenses referencing estoppel and contractual rights.

35. The Court finds that any claim arising out of or related to the events of 1996 were compulsory counterclaims.

36. Compulsory counterclaims concern the requirement that pleadings "shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction." *Fed. R. Civ. P. 13(a)*

37. The Ninth Circuit utilizes the "logical relationship test" to determine whether two claims arise out of the same "transaction or occurrence." *See Pochiro v. Prudential Ins. Co. of America*, 827 F.2d 1246, 1249 (9th Cir. 1987). Under the test, a counterclaim is compulsory if there is any "logical relationship" between the claim and the counterclaim. *Id.*

The rule is liberally applied and "was designed to prevent multiplicity of actions and to achieve resolution in a single lawsuit of all disputes arising out of common matters." *Southern Constr. Co. v. Pickard*, 371 U.S. 57, 60, 83 S.Ct. 108, 110, 9 L.Ed.2d 31 (1962). Consequently, a subsequent action cannot be maintained where the claims asserted should have been brought as compulsory counterclaims in a prior completed action. *See Springs v. First Nat'l Bank*, 835 F.2d 1293, 1295 (9th Cir. 1988); *see also 6 Wright, Miller & Kane* § 1417, p. 129 (1990).

38. Milanian's allusion to these events in his affirmative defenses as well as the fact that these documents were attached as exhibits to Milanian's Motion for Summary Judgment indicates that any claims by Milanian against plaintiffs in connection with his supposed delivery

of a business plan about building a replica of the ancient Roman Coliseum in 1996 are obviously logically connected to plaintiffs' claims.

39. In *Seattle Totems Hockey Club, Inc. vs. The National Hockey League*, 652 F.2d 852, 854 (9th Cir. 1981), the Ninth Circuit held that the compulsory counterclaim doctrine "bars a party who failed to assert a compulsory counterclaim in one action from instituting a second action in which that counterclaim is the basis of the complaint." Thus, as a result of the defendants' failure to plead any claims arising from the 1996 events, the Court deems that those claims are merged into this one and are barred.

40. In the alternative, plaintiffs seek leave to file an amended complaint to seek declaratory judgment on the 1996 events.

41. For these reasons, the Court concludes that it has jurisdiction to determine under the facts presented at trial whether plaintiffs violated any right of Milanian by proceeding to construct the COLOSSEUM at Caesars Palace.

B. Enjoining Defendants' Use of the COLOSSEUM and EMPIRE Marks

42. The standard for a permanent injunction is essentially the same as for a preliminary injunction except that actual success on the merits rather than likelihood of success on the merits must be shown. *See Hilton Hotels Corp. v. ITT Corp.*, 978 F. Supp. 1342, 1345 (D. Nev. 1997) (citing *Sierra Club v. Penfold*, 857 F.2d 1307, 1318 (9th Cir. 1988)). In a trademark infringement case, however, once the plaintiff has established infringement irreparable injury is presumed. *See Lone Star Steakhouse & Saloon v. Alpha of Virginia*, 43 F.3d 922, 33 U.S.P.Q.2d 1481, 1494 (4th Cir. 1995) ("[W]e recognize that irreparable injury regularly follows from trademark infringement."). The Ninth Circuit has noted that, "[i]njunctive relief is the remedy of choice for trademark and unfair competition cases, since there is no adequate remedy at law for

the injury caused by a defendant's continuing infringement." *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 6 U.S.P.Q.2d 2034 (9th Cir. 1988). Further, the appropriateness of this remedy has also been recognized in cases where actual injury has not yet occurred. *See Standard Oil Co. v. Standard Oil Co.*, 56 F.2d 973 (10th Cir. 1932); *Fund of Funds, Ltd. v. First American Fund of Funds*, 274 F. Supp. 517, 156 U.S.P.Q. 545 (S.D.N.Y. 1967).

43. Once a party establishes it is the senior user, it may enjoin junior users from using confusingly similar marks in the same industry or within the senior users natural zone of expansion. *Brookfield*, 174 F.3d at 1047; *see A.L.M.N. v. Rosoff*, 104 Nev. at 281. Moreover, a senior use may claim priority based on the first use date of a similar mark under a theory known as tacking. *Brookfield*, 174 F.3d at 1047-48.

44. Having established plaintiffs' ownership to the marks, the next step is to determine whether the similarity of the marks is likely to confuse the public as to the source of the products or services. *See Sharky's Inc. v. Covalt*, 704 F.2d 426, 431 (9th Cir. 1983); *Riggs Marketing, Inc. v. Mitchell*, 993 F. Supp. 1301, 1305 (D. Nev. 1997).

45. In *AMF Incorp. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979), the Ninth Circuit set forth the following factors, commonly referred to as "the *Sleekcraft* Factors," to determine whether there is a likelihood of confusion.

- (1) similarity of the marks;
- (2) proximity or relatedness of services;
- (3) strength of the mark;
- (4) evidence of actual confusion;
- (5) marketing channels used;
- (6) type of goods and degree of care likely to be exercised by the purchaser;
- (7) defendant's intent in selecting the mark;
- (8) likelihood of expansion of the product line.

Id. at 348.

46. Application of these factors is case-specific, however similarity of the marks and whether the two users compete in the same industry are always important. *Brookfield*, 174 F.3d at 1054.

Factor 1: Similarity of the Marks

47. In determining the similarity of marks, a court must examine the marks in their entirety as they appear in the marketplace along with the relevant appearance, sound and meaning. See *Dreamwerks Prod. Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998). Simply put, "the 'combination of features as a whole rather than a difference in some of the details ... must determine whether the competing product is likely to cause confusion in the minds of the public." *Perfect Fit Industries, Inc. v. Acme Quilting Co.*, 618 F.2d 950, 954 (2d Cir. 1980) (citations omitted). Here, the COLOSSEUM marks are obviously identical or differ only by virtue of the word "the". In addition, defendant's claim to ROME LAS VEGAS COLOSSEUM is also virtually identical to COLOSSEUM, given that CWI has used Colosseum at Caesars Palace in Las Vegas as part of its well-known Roman-Grecian theme.

48. Absolute identity between the marks, however, is not necessary for a finding of consumer confusion. See *Washington Speakers Bureau Inc. v. Leading Authorities Inc.*, 33F. Supp. 2d 488, 49 U.S.P.Q.2d 1893 (E.D. Va. 1999). Confusing similarity of marks may also be established under the "Family of Marks" doctrine. A trademark owner may use a number of marks with a common feature or "surname" that is distinctive enough to be recognized by the consuming public causing them to associate such derivative marks with the trademark owner. See *Spraying Systems Co. v. Delavan, Inc.*, 975 F.2d 387, 24 U.S.P.Q.2d 1181, 1187 (7th Cir. 1992) ("[A]pplication of the doctrine requires a showing that the family feature or 'surname' is distinctive enough to trigger recognition 'in an of itself'" (citation omitted). "A family of

marks is a group of marks having a recognizable common characteristic, wherein the marks are comprised and used in such a way that the consuming public associates not only the individual marks, but the common characteristic of the family, with the trademark owner.” *J & J Snack Foods Corp. v. McDonald’s Corp.*, 932 F.2d 1460, 18 U.S.P.Q.2d 1889 (Fed. Cir. 1991)

49. For example, MC and MAC are a well-known family of marks associated with the fast food chain McDonald’s Corp. *See McDonald’s Corp. v. McBagel’s, Inc.*, 649 F. Supp. 1268, 1 U.S.P.Q.2d 1761 (S.D.N.Y. 1986) (“MC” family of mark was found to be infringed by the use of McBagel’s on a bagel bakery and restaurant). A “family of mark” will be found upon a showing that the designation constituting the common feature or “surname” of the family is in fact recognized by the public as a trademark in and of itself. *Primedia Intertec Corp. v. Technology Marketing Corp.*, 35 F. Supp. 2d 809, 50 U.S.P.Q.2d 1079 (D. Kan. 1998).

50. Plaintiffs have established their rights to a family of EMPIRE marks including: EMPIRE, THE JEWEL OF THE EMPIRE, CAESARS MOUNTAIN EMPIRE, THE GLORY OF THE EMPIRE, ONWARD TO THE EMPIRE, THE ROMAN EMPIRE, GUIDE TO THE EMPIRE, ENCHANTMENT AT THE EMPIRE, ENJOY THE EMPIRE, BEHOLD THE EMPIRE, CAESARS MAGICAL EMPIRE, REBUILDING THE EMPIRE, EXPANDING THE EMPIRE, and others including, EMPERORS CLUB, and the EMPERORS EVERYDAY GIVEAWAY. Milanian’s THE EMPIRE and THE ROMAN EMPIRE bear similarity to CWI’s family of EMPIRE marks in that the ordinary consumer is likely to conclude that the goods and services offered under the marks originate from, or are performed by, plaintiffs.

Factor 2: Relatedness of the Services

51. The next step is to consider the relatedness of the services. The more related the services, the greater the danger that the public will incorrectly assume that there is a connection between the producers, despite the fact that no relationship exists. *See Sleekcraft*, 599 F.2d at 350 (citation omitted). “Complimentary products or services are particularly vulnerable to confusion.” *Sleekcraft*, 599 F.2d at 350 (citing *Communications Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245, 1253 (4th Cir. 1970)).

52. Here, plaintiffs have used the marks in connection with their resort hotel and casino businesses. Milanian has displayed those marks in connection with his offer to “consult” on *business management* of casinos and resort hotels. While Milanian’s business is not exactly the same as plaintiffs’, it is clear that his display of the marks is in a sufficiently related business so as to cause the consuming public to somehow associate Milanian’s “services” with plaintiff. *See Brookfield*, 174 F.3d at 1056. That is especially so given that plaintiffs use the Internet to market and promote these marks, and Milanian is also displaying the marks on the Internet. *See id.* at 1057; *see also Public Serv. Co. of New Mexico v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 439 (D. Mass. 1999). Moreover, it is clear from Milanian’s web site that his intent is to sell or license these trademarks to third parties who would use them to compete directly with plaintiffs.

Factor 3: Strength of the Mark

53. It is well settled that the strength of a mark refers to “the distinctiveness, or more precisely, its tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous source.” *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979) (citation omitted). In determining the distinctiveness of a mark, courts consider two factors: “its inherent distinctiveness, and its distinctiveness in the marketplace.”

Streetwise v. Vandam, Inc., 159 F.3d 739, 743-44 (2d Cir. 1998). "Marks are often classified in one of five categories of increasing distinctiveness: (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful." *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1047 (9th Cir. 1998). Marks that are inherently distinctive such as arbitrary, fanciful or suggestive marks do not require proof of secondary meaning in order to be protected. See *Two Pesos, Inc. Taco Cabana, Inc.*, 505 U.S. 763, 120 L. Ed. 2d 615, 112 S. Ct. 2757, 23 U.S.P.Q.2d 1081, 1083 (1992). A descriptive mark, however, can become protectable "provided that it has acquired 'secondary meaning' in the minds of consumers, i.e., it has become distinctive of the trademark applicant's goods in commerce." *Filipino Yellow Pages, Inc. v. Asian Houranl Publ'ns, Inc.*, 198 F.3d 1143, 1147 (9th Cir. 1999).

54. Arbitrary and fanciful marks are strong marks, and are afforded greater protection. See *Brookfield*, 174 F.3d at 1058. Fanciful marks are "coined" terms that are invented or selected for the sole purpose of functioning as a trademark. *Blisscraft of Hollywood v. United Plastics Co.*, 294 F.2d 694, 131 U.S.P.Q. 55 (2d Cir. 1961). Arbitrary marks are words commonly used in the English language, but when used with the goods or services in issue, neither suggest nor describe any ingredient, quality or characteristic of those goods or services. *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 146 U.S.P.Q. 566 (7th Cir. 1965).

55. A "suggestive" term suggests rather than describes an ingredient, quality, or characteristic of the goods and requires imagination, thought, and perception to determine the nature of the goods, while "descriptive" term specifically describes a characteristic or ingredient of an article or service. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10-11 (2d Cir. 1976). For example, ACTION SLACKS was found to be merely suggestive for pants. See *Levi Strauss & Co. v. R. Joseph's Sportswear*, 28 U.S.P.Q.2d 1464 (T.T.A.B. 1993). Similarly,

the mark CITIBANK for an urban bank was found to be suggestive, not requiring proof of a secondary meaning. *See Citibank, N.A. v. Citibank Group, Inc.*, 724 F.2d 1540, 222 U.S.P.Q. 292 (11th Cir. 1984).

56. Here, plaintiffs' COLOSSEUM mark is indisputably suggestive because it conveys the Roman-Grecian theme associated with Caesars but does not describe character of the services. As used in connection with the Caesars Palace convention complex, COLOSSEUM does not describe the shape or design of the building. The same applies to the showroom at Caesars Indiana. While the COLOSSEUM convention center may have closed, the Caesars Indiana COLOSSEUM showcase continues. The use of the mark for this entertainment center is suggestive of the grandeur of events held at the ancient Roman coliseum but clearly requires some imagination to connect the services to the mark as provided by CWI at Caesars Indiana.

Even as to the COLOSSEUM nearing completion in Las Vegas, I conclude that the mark is suggestive. In its entirety, this structure is highly unique. While its outside façade bears resemblance to the ancient coliseum of Rome, the experience of attending an event here will be unlike attending an event at the Los Angeles Coliseum, the Memphis Coliseum, or the Nassau Coliseum. These arenas create distance between the show and the audience. The COLOSSEUM will hold only 4,000 persons in contrast to the 100,000 capacity of the Los Angeles Coliseum. Additionally, no audience member will be further away from the stage than several hundred feet. The intimacy of this new venue will create a distinct commercial impression unlike the coliseum of ancient Rome. Moreover, plaintiffs are going to great lengths to market these aspects of the COLOSSEUM. Thus, as used by plaintiffs, the mark conjures up an image of grandeur and excitement but does not describe the essential features of this new venue.

57. The court finds that based on the more than 35 years of continuous use, the multitude of persons who have attended a concert, convention or other event at the COLOSSEUM in Las Vegas, attended a concert at the COLOSSEUM in Indiana, or eaten at the COLOSSEUM restaurant at the Poconos in Pennsylvania as well as the extensive promotions of these facilities, that COLOSSEUM is a strong mark.

58. Defendants argue that, as used by plaintiffs, COLOSSEUM is generic. They note that the dictionary definition of coliseum is “a large amphitheater for public sports events, entertainment or assemblies.” Clearly, the word “coliseum” is a word designating a type of building.

59. The Court agrees that no one may claim rights to the word COLOSSEUM in order to prevent others from using that term to designate a coliseum-like structure. However, plaintiffs have specifically eschewed that claim.

60. Significantly, however, defendants do not explain why, if plaintiff’s use of the COLOSSEUM mark is generic, they could possibly assert a trademark claim against plaintiffs for calling the building Colosseum. Indeed, defendants appear to have carefully crafted their papers to tell this Court that because plaintiffs use is generic, it “cannot possibly be sanctioned by this Court.” Defendant’s Memorandum at 5.

61. Additionally, the Court finds that Milanian’s intent with respect to the COLOSSEUM marks, for which he filed trademarks applications was to license or sell them to plaintiffs or their competitors for the precise use being made of them.

62. Milanian clearly recognized that he would never be able to show use of his “marks” for casino, hotel and entertainment services and the like. He, therefore, carefully crafted his recitation of services to designate consulting services relating to those services. But, there is

no doubt that Milanian intended to profit by virtue of someone licensing or buying his marks and using them for casino, hotel and entertainment services.

63. Thus, as an initial matter, Milanian is taking a position that casts a further shadow on his own good faith.

64. Moreover, as noted above, as used and marketed by CWI, COLOSSEUM is unlike any coliseum-like structure except in the outer appearance of the building. The convention center at Caesars Palace and the showroom at Caesars Indiana are not replicas of the Coliseum in ancient Rome.

65. Additionally, at least some of the services offered under the COLOSSEUM marks are clearly outside any of the dictionary definitions provided by defendants. Indeed, defendants concede that the restaurant services offered at Caesars Poconos are not generic. Gaming, food and charity services are also not generic when offered under this mark. Neither is COLOSSEUM generic for the merchandise offered by plaintiffs.

66. The question of genericness requires this Court to determine the “primary significance” of the term, namely does it signify the product or the procedure. *See Filipino Yellow Pages*, 198 F.3d at 1143.

67. Fortunately, that is not necessary in this case. To the extent that plaintiffs are making any generic use of COLOSSEUM, that use may not be challenged by Milanian. To the extent that plaintiffs have rights in this mark for gaming, food, or charity services, or certain goods related to the use of those services, then that usage is not generic, but suggestive.

68. The Court makes one other observation. Even if descriptive and not suggestive, the Court finds that the plaintiffs have proven secondary meaning for this mark in relation to those goods and thus COLOSSEUM is protectable. *See Levis Strauss & Co. v. Blue Bell, Inc.*,

632 F.2d 817, 820, 208 U.S.P.Q. 713, 716 (9th Cir. 1980) (Secondary meaning is achieved when “a meaning which suggests the company to the public at the very mention of the trade name” occurs).

69. CWI’s EMPIRE family of marks is fanciful. The word EMPIRE used in connection with hotel, casino, gaming, and entertainment services bears no relationship to these services. Moreover, the court finds that the EMPIRE mark been used continuously for over 35 years on a variety of promotional materials in connection with CWI’s services. Thus, CWI’s EMPIRE family of marks is also strong.

Factor 4: Actual Confusion

70. In the Ninth Circuit, evidence of actual confusion is not required to establish a violation of the Lanham Act. *See Academy of Motion Picture Arts & Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1457 (9th Cir. 1991). In fact, such a showing where there has been insignificant commercial activity by the infringer would work to penalize the trademark owner for taking prompt steps to protect his/her rights. *See Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 230 U.S.P.Q. 831 (2d Cir. 1986).

71. Milanian’s only use of the COLOSSEUM and EMPIRE marks is the display of these marks on his web site. Although offered in conjunction with his consulting services, there is no evidence that he has been hired to provide such services to anyone in the casino industry. Consequently, the Court does not find it surprising that there is no evidence of actual confusion.

Factor 5: Marketing Channels

72. Plaintiffs’ use of a variety of methods to promote their COLOSSEUM and EMPIRE family of marks including the Internet. Over one million “unique” individuals have visited the Caesars web site since it began to promote the Celine Dion show at the

COLOSSEUM entertainment center, making prominent use of both the COLOSSEUM mark and EMPIRE family of marks.

73. Milanian, as discussed above, promotes his claims to ownership of these registrations and pending applications on the Internet. Thus, the Court concludes that there is overlap in the channels of trade used by the parties.

Factor 6: Wrongful Intent

74. A plaintiff need not prove wrongful intent to show trademark infringement. *Brookfield*, 174 F.3d at 1059. However, where it is shown that the alleged infringer knowingly adopted the infringing mark, courts will presume that it can achieve its purpose in deceiving the public. *Sleekcraft*, 599 F.2d at 354.

75. The Court has already concluded that Milanian had knowledge of plaintiffs' announcement to build a new entertainment complex to be called the COLOSSEUM when he filed his first intent to use application for COLOSSEUM. The Court finds the filing of this application to have been done in bad faith in an attempt to cast a cloud over plaintiffs' rights to use the mark for the new convention center. The Court also finds that Milanian was aware of the plaintiffs' EMPIRE family of trademarks and that his filing for these marks were also done in order to obtain leverage over plaintiffs for the purposes of extracting monies from them.

76. Additionally, as previously noted, the Court finds that Milanian did not have a bona fide intent to use the contested marks when he filed his intent to use applications.

77. This course of conduct directly supports a conclusion that Milanian's efforts to acquire rights in COLOSSEUM and EMPIRE was done in bad faith.

78. The Court recognizes that Milanian may have had some reason to believe that CWI was violating some obligation based on the 1996 events. However, any claim arising from

those events would be based on contract or tort. Seeking to block plaintiffs by taking unfair advantage of the intent to use provisions of the Lanham Act is not excused by these earlier events.

79. Based on a consideration of the *Sleekcraft* factors, the Court finds the identity (or near identity) of the trademarks, the relatedness of the businesses, the relative strength of plaintiffs' mark, the overlap between the respective marketing channels used by the parties, and Milanian's bad faith, that Milanian's use of the COLOSSEUM and EMPIRE marks on the Internet are likely to cause confusion. The Court also finds that Milanian's own assertion in June that there was or would be confusion is evidence there is some likelihood of confusion.

80. The Court also notes that its conclusion that Milanian's use of the plaintiffs' marks creates a likelihood of confusion in the market place is supported by the doctrine of initial interest confusion. Initial interest confusion could suffice to show a likelihood of confusion. See *Interstellar Starship Services, Ltd. v. Epix Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999). Initial interest confusion results when the defendant uses the plaintiff's trademark "in a manner calculated 'to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion.'" *Brookfield*, 174 F.3d at 1062 (quoting *Dr. Seuss Enters. v. Penguin Books*, 109 F.3d 1394, 1405 (9th Cir. 1997)).

C. The 1996 Events

81. If the Court concludes that Milanian should be enjoined from asserting claims based on the 1996 events, it need not reach any conclusions about those events. If it concludes otherwise, the 1996 events are not a basis for any claim by Milanian against plaintiffs. First, the concept that one could obtain proprietary rights to the idea of building a replica of a historic

landmark that is so obviously connected to the Roman-Grecian theme of Caesars Palace is absurd.

82. Moreover, the very documents on which Milanian relies indicate that ITT lost his proposal. The Court notes that a similar chain of events happened when Milanian presented an idea to Cunard. *See Cunard Line Limited, supra*, at 11.

83. Thus, there is no basis to conclude that any duty of confidentiality or misappropriation occurred four years later when plaintiffs commenced the construction of the COLOSSEUM.

84. Indeed, the evidence is uncontradicted that the concept and name of COLOSSEUM in connection with this project was conceived of Sceno Plus and not CWI or PPE.

85. Thus, the Court concludes that Milanian has no claim against plaintiffs based on the 1996 events.

D. Remedies

1. Declaratory Judgment

This Court finds that plaintiffs have demonstrated that the issuance of a declaratory judgment is appropriate. The evidence presented by plaintiffs establishes that there is a controversy that is ripe for adjudication, that being the determination of the rights to the COLOSSEUM and EMPIRE theme marks. *See Chiron*, 970 F.2d at 887. In order to prevent defendants from interfering with plaintiffs' rights to the aforementioned marks, the Court declares: (1) that use by CWI and PPE, and any of their respective agents or representatives, of the COLOSSEUM trademark does not infringe any rights of defendants Milanian and the New Las Vegas Development Company, LLC; (2) that defendants Milanian and the New Las Vegas

Development Company, LLC have no right, title to THE COLOSSEUM and ROME LAS VEGAS COLOSSEUM, or any mark or domain name including the COLOSSEUM and EMPIRE marks; and (3) that defendants have no claim of misappropriation or breach of contract against plaintiffs concerning the 1996 events.

2. Permanent Injunction

As indicated above, the requirements for a permanent injunction are virtually the same as those for a preliminary injunction, except that for a permanent injunction success on the merits must be shown. *See Hilton Hotels Corp.*, 978 F. Supp. at 1345. Consequently, plaintiffs must also show (1) irreparable harm; (2) that the balance of the equities weigh in their favor; and (3) that the grant of the injunction is in the public interest. *See Stanley v. University of Southern California*, 13 F.3d 1313, 1319 (9th Cir. 1994).

a. Irreparable Harm

86. Having concluded that plaintiffs have succeeded on proving infringement, the Court need not address the issue of irreparable harm because as indicated previously, once trademark infringement is established through a showing of a likelihood of confusion, irreparable injury is presumed. *See Brookfield*, 174 F.3d at 1066.

b. Balance of the Equities

87. The equities also weigh heavily in plaintiffs' favor. Plaintiffs have established that they have invested millions of dollars promoting the marks. They (and others) have also committed enormous resources in connection with opening the COLOSSEUM entertainment center. The COLOSSEUM and EMPIRE marks have become associated with the exceptional products and services offered by the plaintiffs. The potential confusion in allowing Milanian to

display these marks on the Internet is likely to damage plaintiffs' reputation. Consequently, the balance of the equities weighs in favor of enjoining defendant from his further unlawful use.

c. The Public Interest

88. The public interest factor also weighs in plaintiffs' favor. An important factor in protecting trademarks is to avoid consumer confusion, which is in the public interest. *See Creative Labs, Inc. v. Cyrix Corp.*, 141 F.3d 1174 (9th Cir, 1998). It has been established that, Milanian's display of the mark will cause the consumer to be confused as to the source of the products and services offered by Milanian. It would be in the public interest not to allow Milanian to mislead the public into thinking that the services offered by Milanian are somehow related to the plaintiffs when in fact they are not. Enjoining defendants from further display or future use of the marks is necessary to prevent consumer confusion.

89. The Court thus finds that plaintiffs' have satisfied the requirements for a permanent injunction, precluding defendant Milanian from using or displaying COLOSSEUM or EMPIRE theme marks on his web site or in any context in which there is a possibility of consumer confusion.

90. This Court orders that defendants, each of them and each of their officers, agents, servants and employees, and all those persons in active concert with them are hereby forever enjoined from using the marks THE COLOSSEUM, ROME LAS VEGAS COLOSSEUM, THE ROMAN EMPIRE and THE EMPIRE, or any marks similar thereto or likely to cause confusion therewith, in the sale, offering for sale, distribution or advertising of casino related products and services or similar merchandise and services in any locality in the United States.

91. The Court also finds that based on defendants' failure to bring any counterclaims relating to 1996 events, that defendants have waived such claims and should be enjoined from filing such claims in any court.

3. Cancellation of Applications and Registrations

92. Section 37 of the Lanham Act, 15 U.S.C. §1119, confers upon the Courts concurrent authority with the USPTO to cancel or otherwise determine the rights to trademark registrations. Cancellation is an appropriate remedy where the litigation revolves around an action for infringement involving a registered mark. *See Sperry Rand Corp. v. Seawol Distributors, Inc.*, 140 U.S.P.Q. 532 (S.D. Cal. 1964). As this Court has determined that plaintiffs have priority over defendants to THE COLOSSEUM, ROME LAS VEGAS COLOSSEUM, THE ROMAN EMPIRE and THE EMPIRE marks, it hereby orders that the PTO cancel both the applications and/or registrations related to the above marks.

4. Transfer of Domain Names

93. The use of a domain name that infringes a owner's trademark rights provides a basis for transferring ownership of the domain name. *See* 15 U.S.C. § 1125(d)(2)(D). This Court finds that plaintiffs have demonstrated that the domain names lasvegascolosseum.com, colosseumlv.com, and colosseumlasvegas.com are likely to cause consumer confusion. The three most important *Sleekcraft* factors considered by Courts in determining the likelihood of confusion in the context of web names are (1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the parties' simultaneous use of the Web as a marketing channel. *GoTo.Com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1204 (9th Cir, 2000). Although the court has discussed these factors in detail above, it will briefly address them as they apply to these domain names.

94. This court finds a visible similarity between the domain names when compared to plaintiffs' COLOSSEUM mark. Further, plaintiffs use this web site in promoting its services under the COLOSSEUM mark and have had approximately one million "unique" visitors on the site in only the last six months making it a pivotal marketing tool. This Court therefore concludes that allowing Milanian to maintain ownership of the lasvegascolosseum.com, colosseumlv.com, and colosseumlasvegas.com domain names is likely to cause consumer confusion, and orders the defendant Milanian to transfer the domain names to CWI.

5. Attorneys' Fees

95. Pursuant to the Lanham Act "the court in exceptional circumstances may award reasonable attorneys fees to the prevailing party." 15 U.S.C. § 1117(a). The Ninth Circuit has stated that, "generally a trademark case is exceptional for the purposes of an award of attorneys' fee when the infringement is malicious, fraudulent or willful." *Mirage Resorts, Inc. v. Stripe*, 152 F. Supp. 2d 1208, 1218 (D. Nev. 2000) (citing *Lindy Pen Co. Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1409 (9th Cir. 1993).

96. Courts have interpreted willful conduct in the context of trademark infringement as meaning "deliberate," "false," "misleading," or "fraudulent" conduct. *Lindy Pen*, 982 F.2d at 1405 (citing *Bandag, Inc. v. Al Bolser's Tire Stores*, 750 F.2d 903, 918 (Fed. Cir. 1984)). For instance, a finding that a defendant-infringer had a deliberate purpose to capitalize on a plaintiff's goodwill in violation of the law is warranted where defendant has selected a famous mark which is readily identified with plaintiff and its product or services. *See, e.g., Apollo Distributing Co. v. Apollo Imports Inc.*, 341 F. Supp. 455 (S.D.N.Y. 1972).

97. The Ninth Circuit has found "exceptional circumstances" exist in cases where claims are *either* "groundless, unreasonable, vexatious, *or* pursued in bad faith." *Cairns v.*

Franklin Mint Co., 292 F.3d 1139 (9th Cir. 2002) (citing *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 881 (9th Cir. 1999) (citation omitted). Although those cases involved affirmative claims that were found to meet the aforementioned standard, it is equally applicable here where Milanian's actions, including his threat to sue plaintiffs' and interfere with their rights in the COLOSSEUM mark thus threatening the opening of the COLOSSEUM convention center, were "groundless, unreasonable, vexatious, *and* pursued in bad faith."

98. Here, plaintiffs demonstrated that Milanian's attempt to pirate away their rights in COLOSSEUM and EMPIRE theme marks was part of his overarching plan to traffic in trademarks. Notwithstanding the statutory requirements, Milanian filed many trademark applications with no *bona fide* intent to use the trademark in question. His calculated application of the COLOSSEUM mark just after the announcement of the construction of the COLOSSEUM showroom, as well as his concealing of a claim in these alleged rights to the mark until just days after the announcement of its opening with Celine Dion performing, demonstrates that his objective was to hold plaintiffs hostage. Those facts make this case exceptional under 15 U.S.C. § 1117(a) and justify entering a judgment against Milanian and in favor of plaintiffs in an amount equal to their attorneys' fees in prosecuting this matter.

99. The Court also finds this case exceptional for another reason. Defendants claim that COLOSSEUM, as used by plaintiffs is generic. If so, on what basis did Milanian contact plaintiffs in June 2002? Why did he refuse to respond to any of plaintiffs' inquiries throughout the summer of 2002? Why did Milanian not immediately acknowledge plaintiffs' rights or come forward with a claim based on the 1996 events? That course of conduct also makes this case "exceptional" and justifies an award of fees.

100. The Court therefore orders that plaintiffs submit evidence of attorneys fees expended in relation to this action within 30 days of this order.

SO ORDERED
